

Budget Officer

20 May 1949

Assistant General Counsel

STATINTL

[REDACTED] - Indemnity Case.

1. Reference is made to the telephone conversation between [REDACTED] and Mr. Houston regarding the payment of indemnity to [REDACTED] of the [REDACTED] and attached papers.

STATSPEC

2. Article 5 of the [REDACTED] Order regarding disciplinary measures against workmen, dated 8 August 1945, provides that a worker who is punished by reduction of his post or wages is entitled to resign from service and to obtain any indemnity due him on the basis of wages before reduction.

3. Whether or not all technicalities of this order were complied with, it appears to be the controlling law in this case. The problem is to apply it to the particular facts which involve a delay in resignation.

4. Possibly such delay could be construed as acceptance of the reduction but, had [REDACTED] seen fit to pursue the matter in the courts, I believe Article 5 might have been subject to the interpretation that employees have a reasonable time to resign following notice of reduction. As it is, she did resign within 30 days of such notice stating specifically that she did so in protest to the reduction. On this basis it follows logically that we would have been liable to pay her annual leave on the basis of her salary prior to her reduction. [REDACTED] appears to be willing to accept payment for accrued leave on her reduced salary. It seems quite proper that this settlement should be accepted, particularly in view of the possibility that were she to attempt to enforce her rights in court, we might have to pay her accrued leave at the higher salary rate.

5. In view of the above, there seems to be no legal objection for approval of the settlement as set forth in Miss [REDACTED] acceptance of 8 March 1949.

Walter L. Pforzheimer

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